



# Tax and Legal messenger

In this release, we would like to bring to your attention an overview of the following:

- Changes to the Rules on VAT Payment and Accounting for Electronic Invoices
- Suspension of Inspections in the field of Entrepreneurship
- Amendments to the Criminal and Administrative Offences Codes
- New Regulation on the Management of Operational Risks in Banks
- E-Notifications for State Duties have been Introduced

### Changes to the Rules on VAT Payment and Accounting for Electronic Invoices

*On February 21, 2025, the Decision "On the amendments to the Rules on VAT payment, accounting for VAT in deposit accounts, VAT movement, VAT reimbursement from transactions on this account, and transfer to the state budget for the value of goods (works and services) received under electronic invoices issued to taxpayers" ("Amendment") was adopted by the Cabinet of Ministers.*

According to the Amendment, the requirement to specify the details of the VAT deposit account in electronic invoices submitted to the buyer by the sellers providing goods (works, services) and persons engaged in construction activities, as well as in receipts and checks submitted to the buyer during the retail sale of agricultural products, was removed.

Moreover, as per the Amendments, the time period for taxpayers transferring funds from their VAT sub-account to the state budget has been extended. Namely, if payments are made from the VAT sub-account to the state budget before 2:15 p.m., the State Tax Service can submit the necessary documents to the State Treasury Agency until 2:30 p.m. Previously, this submission time was respectively 11:30 a.m. for the transfer from taxpayer and 13:00 p.m. for the State Tax Service to submit the documents to the State Treasury Agency.

In case the transfer is made after 2:15 p.m. or on a non-business day, then the State Tax Service submits these documents to the State Treasury Agency in the same manner on the following business day.

This Amendment entered into force on February 24, 2025.

### Suspension of Inspections in the field of Entrepreneurship

*On February 3, 2025, the Law "On the amendments to the Law on suspension of inspections carried out in the field of entrepreneurship" ("Amendment") was adopted.*

According to the Amendment, the period of suspension of inspections carried out in the field of entrepreneurship within the territory of the Azerbaijan Republic has been extended until January 1, 2026.

This Amendment is effective from January 1, 2025.

## Amendments to the Criminal and Administrative Offences Codes

*On December 27, 2024, the Law "On the amendments to the Criminal Code and the Administrative Offences Code of the Republic of Azerbaijan" (the "Amendments") was adopted.*

According to the Amendments, the threshold for "considerable" and "large" amount has been increased with respect to the damage caused by deceiving consumers regarding the size, weight, quantity, production properties, or quality of goods (or services):

- Previously, a considerable amount was defined as a sum ranging from 300 AZN to 3,000 AZN. According to the Amendments, a considerable amount is now defined as more than 5,000 AZN but not exceeding 30,000 AZN.
- Previously, a large amount was considered a sum exceeding 3,000 AZN. According to the Amendments, large amount is now defined as a sum exceeding 30,000 AZN.

Furthermore, the production, sale, or storage of food products for the sale purposes that are known to be dangerous to human life and health is now prohibited, and the associated penalties have been stipulated in the Criminal Code.

Also, according to Amendments, selling alcoholic beverages at a price lower than the set minimum will result in administrative fines ranging between AZN 100 – 2,000 as per the Administrative Offences Code.

The Amendments entered into force on February 17, 2025.

## New Regulation on the Management of Operational Risks in Banks

*On January 28, 2025, the Decision "On the approval of the Regulation on the Management of operational risks in banks" (the "Regulation") was adopted by the Decision of the Management Board of the Central Bank of the Republic of Azerbaijan (the "Central Bank").*

The Regulation outlines requirements for the management of operational risks in banks, including their identification, assessment, and monitoring, as well as accountability to internal and supervisory authorities. Additionally, the Regulation specifies the establishment of a database for operational risk incidents.

According to the Regulation, if a bank utilizes external services for banking activities, information technology, or information security, it should submit relevant information about the service and the service provider to the Central Bank. This submission should be made within 5

business days, along with the contract between the bank and service provider.

Furthermore, banks should conduct employee training and test the business continuity plan at least annually, and they should report the results and any necessary changes to the Supervisory Board.

Additionally, banks are required to report the following incidents to the Central Bank within 15 calendar days after each quarter:

- incidents which cause AZN 100,000 or more in damages
- recurring incidents
- incidents which could potentially cause AZN 100,000 or more in damages.

If the Central Bank requests further information regarding operational risk incidents, the bank should provide it within determined timeframe.

The Regulation will enter into force on March 12, 2025.

## E-Notifications for State Duties have been Introduced

*On December 29, 2024, the Law "On the amendments to the Law of the Republic of Azerbaijan on State duty" (the "Amendments") was adopted.*

The definition of "e-notification" has been specified in the Amendments as "a document prepared electronically for the calculation of state duty and its transfer to the state budget for each service and legal action".

Pursuant to the Amendments, the submission of the "e-notification" for the transfer of state duty revenues to the state budget will be carried out through the information system of the Ministry of Finance of the Republic of Azerbaijan for the 'Electronic Management of State Fees (e-fee).

Additionally, electronic monitoring and accounting of the transfer of state duty to the state budget will be also conducted through this system.

It should be noted that requests related to overpaid or incorrectly assessed state duties are received and considered through this system.

A service fee of AZN 0.02 will be charged for the "e-notification" prepared upon the payment of the state duty for the issuance of the excise mark and mandatory labeling.

The Amendments came into force on January 1, 2025.

## Contacts

We hope that you will find this overview helpful. For more detailed information, please contact the following specialists:



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